

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2225

### Title: Delivering the Crowdfund London Programme 2018-2020

#### Executive Summary:

MD 2163 approved £67m worth of expenditure through the Good Growth Fund (GGF), and delegated the detailed funding allocation to the Executive Director of Development, Enterprise and Environment in consultation with the London Economic Action Partnership. This DD seeks approval of expenditure of up to £2.2m from the GGF to deliver the Crowdfund London Programme from 2018-2020. This expenditure will comprise £1.4m capital and £800,000 revenue to support communities across London to engage with the programme and award grant funding to crowdfunding campaigns for locally-led projects.

#### Decision:

The Executive Director of Development, Enterprise and Environment approves:

1. Expenditure of up to £500,000 revenue funding from the Good Growth Fund to support the Crowdfund London Programmes set up, development and promotional costs; and
2. expenditure of up to £1.4m Capital and £300,000 revenue funding from the Good Growth Fund to support the Grant funding of community-led projects through a Mayoral pledge to Crowdfunding campaigns.

#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Fiona Fletcher-Smith

**Position:** Executive Director of Development, Enterprise and Environment

**Signature:**



**Date:**

26.3.2018

## PART I - NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 The Mayor is developing strategies that aim to make London a fairer, more open and accessible city for all to live and prosper; whilst promoting active citizenship and social integration. Giving citizens the opportunity to champion and deliver new ideas for London affords all Londoners a stake in the future development of their city.
- 1.2 The GLA Regeneration Team has developed a matched crowdfunding programme to bring communities together around a common purpose with collective ownership over the results. We pledge funds as ‘one of the crowd’ working in partnership with citizens. The programme catalyses investment and places more power into the hands of local communities to drive projects that matter to them as part of a more collaborative approach to regeneration.
- 1.3 Citizens can come together to propose projects to benefit their wider community and pitch them directly to City Hall and other Londoners; including institutions and businesses. They can then access funding, expertise and support to realise them. A pledge from City Hall proves catalytic for successful campaigns and leverages other resources that help to ensure these projects maximise their impact. The initiative has been recognised internationally as an exemplar in innovative government practice and alternative financing for social good.
- 1.4 The programme is administered through an online civic crowdfunding platform, ensuring ideas and costs are presented in the public domain. This gives communities something to use to talk widely about their plans, refine proposals and gain support; from financial buy-in, local approval and assistance to get things done. By coming together to support local ideas, communities have direct investment in their success, building civic pride through shared ownership and responsibilities.
- 1.5 The online platform allows groups to set a fundraising target and for anyone – from Londoners to businesses and other public organisations – to ‘pledge’ towards that target. Cash pledges can be supported with offers of resources and expertise. If enough people back an idea and the funding target is reached, then the project goes ahead. The Mayor will pledge up to £50,000 per project, and no more than 75% (typically less than 50%) of the total project cost, to help realise the best ideas that demonstrate local support. If the organisation meets its crowdfunding target, the Mayor’s pledge will be triggered and a funding agreement between the delivery organisation and the GLA will ratify our contribution, including the GLA’s terms and conditions of providing such funding.

#### *Delivery Overview*

- We have delivered four rounds of funding (called Mayoral Pledges) and support so far, which has seen 269 ideas submitted resulting in a combined project pipeline worth circa £12m. These activities were approved through MD1469, DD1399, DD2015, ADD391 and DD2093.
- Over the first four rounds we have supported 77 successful campaigns with £1.2m of Mayoral Pledges attracting a further £1.6m from 9,148 backers.
- A pledge from City Hall has proved a key catalyst in legitimizing ideas and ensuring they succeed – 95% of campaigns succeed after Mayoral backing, compared to a 47% average without a Mayoral Pledge on the platform used and 25% in the wider crowdfunding sector. 96% of successful campaigns backed by the Mayor go on to deliver successful projects.
- In the last two rounds of the programme, for every £1 pledged by City Hall, £1.80 has been pledged in crowd match.

- The GLA's Regeneration Team is supporting delivery by aligning key stakeholders and advising on technical issues, design and project management.
- The last funding round was supported with a clear marketing campaign and capacity building workshops to explore how best we ensure the widest representation of London's diverse communities and the quality and deliverability of their projects.

#### *Outputs/Outcomes:*

Whilst it is difficult to quantify outputs and outcomes consistently across locally-led projects with very different ambitions, we have seen an impressive amount of ingenuity and ambition from London's communities.

- We've seen a wide range of projects from all over London. These include;
  - Feasibility studies for an urban park on a disused railway and a public lido;
  - Community-led street markets supporting young and under-employed people;
  - A training café for homeless young people to gain qualifications to access employment opportunities;
  - Gallery space for emerging artists and affordable space for creatives and makers;
  - New community spaces on London's high streets including a professional community kitchen supporting local business incubation and schools;
  - Initiatives to promote affordable and healthy food, particularly to children;
  - Projects that improve underused public spaces including the volunteer-led landscaping of a community garden supporting wildlife in the heart of the city;
  - Arts events and cultural festivals across the city; and
  - A neighbourhood plan and associated local engagement.

Ongoing evaluation of the Mayor's crowdfunding activity, working in partnership with the GLA Opinion, Research and Statistics Team, has demonstrated the social impact of the programme from:

- Increased local pride and sense of place within communities sharing in the success of a campaign;
- new and stronger relationships are forged within existing communities;
- improved knowledge of the planning process and increased awareness of the challenges and conflicts at the heart of regeneration; and
- development of new skills, with participants gaining experience and confidence to pursue new or alternative paid employment.

The programme has been well received with participants understanding the benefits of going through this process and seeing the rewards at the end. Many have recognised this as a unique opportunity to access funding for grass-roots initiatives in a new and progressive way. Having the support of the GLA Regeneration Team and the motivation of delivering projects to improve the city based on a call from the Mayor were again seen as positive attributes for City Hall's involvement in this activity.

#### *Challenges and lessons learnt*

Based on our experience delivering four rounds of the programme and ongoing research into the user experience by the GLA Opinion, Research and Statistics Team, we have identified a number of areas where the programme needs development. These are outlined below and have informed our approach outlined in this decision.

- The programme aspires to be inclusive and accessible to all. This will require resource, support and innovative new ways of helping communities to participate (or reducing the barriers to

participation). This will be important to ensuring the quality, appropriateness and deliverability of proposals; whilst guarding against groups becoming disillusioned with a process that will inevitably be challenging at some point. Building local capacity and a strong project pipeline is therefore crucial to driving momentum to scale up the programme effectively.

- A simple, clear and consistent user experience (and understanding of the initiative) will be key to longer term success and the public acceptance of the model. This requires development by platform partner(s) to understand how to work with public funding, but also refinement in the way that GLA systems support and process the programme in an appropriate, proportionate way.
- Understanding the motives behind project proposers and backers is key to the legitimacy of campaigns supported with public money – more so than just successfully hitting targets. This isn't something that is naturally built into the platform products in a robust way. By getting involved, we hope to investigate the best way to ensure these outcomes and demonstrate leadership in using this form of alternative finance for social impact and public good in the context of projects that aim to shape the built environment.
- Marketing activity in 2017 was successful in driving visitors to our website with 75,000 unique visitors during the campaign compared to a benchmark of 1,800. However, the conversion rate to Crowdfunding platform partners was less impressive and there was limited determinable impact on the number, diversity and quality of projects requesting a Mayoral Pledge. Marketing activity needs to be scaled up, with a range of tactics to appeal to a broad audience.

### The Scope of this approval

- 1.6 This approval will secure the delivery and development of the programme from 2018-2020 using up to £2.2m of the £4m ringfenced within the Good Growth Fund, previously approved in MD2163. This expenditure will comprise up to £1.4m capital and £800,000 revenue to support the work identified in section 2. A proposal outlining our intention was subject to consultation with the Local Economic Action Partnership Investment Committee on 18<sup>th</sup> January 2018 where the scope of this decision was approved in principle.

The funding available for the Good Growth Fund is profiled over 4 years with the majority received from Government and only confirmed on a yearly basis. Our expenditure will be subject to confirmation in each financial year. The 4 year profile for the Good Growth Fund is:

	2017-18	2018-19	2019-20	2020-21	Total
	£000	£000	£000	£000	£000
<b>Expenditure</b>					
Capital	22,369	7,395*	2,000*	30,136	61,900
Revenue	385	2,650**	693	2,480	6,208
<b>Total Expenditure</b>	<b>22,754</b>	<b>10,045</b>	<b>2,693</b>	<b>32,616</b>	<b>68,108</b>

\* Increased by £804,500 (2018/19: £214,500 and 2019/20: £590,000) from the National Park City Budget

\*\* Increased by £20,000 revenue funding from National Park City Budget and £100,000 from ESF

- 1.7 The decision to unlock funding for a period of two years gives us:

- Certainty to design multiple funding rounds which allow for longer term support in project development to achieve a stronger a project pipeline; and
- the flexibility to respond to a fast-growing sector (crowdfunding, civic crowdfunding) and to ensure we can continue to innovate in the agile development of the programme. This will ensure that we integrate learning which may require new platform partner(s) arrangements, or a revised approach to support activity and associated budgets to provide an ever more sophisticated and responsive offer over time.

## 2. Objectives and expected outcomes

### Programme set up and development

2.1 A budget of up to £500,000 revenue funding would be utilised to support the following activities, commissioned in accordance with the procurement process set out in the GLA Contracts and Funding Code unless otherwise stated:

### 2.2 Commissioning of a Civic Crowdfunding Platform Partner(s) (Up to £140,000)

Since we began, the marketplace for crowdfunding (and civic crowdfunding) has grown considerably in the UK with multiple platforms potentially capable of meeting our needs and offering an attractive variation in service. Our existing partner's contractual relationship has concluded and we will go to the market to secure new platform partner(s) arrangements to take the programme to the next level, whilst maintaining an iterative and agile approach to its development. This will allow us to assess the difference in services available and their potential benefits to Londoners.

We recognise that different platforms provide different functionality. We are willing to consider multiple platform partners if the tender exercise demonstrates that this approach would offer benefits to Londoners pursuing diverse types of project and can demonstrate that the user experience will not be undermined or unnecessarily complex due to more than one platform. This approach will be contingent on the commercial costs associated with multiple platform arrangements not being prohibitive to our budget expectations and platforms meeting our minimum requirements. Equally, the tender exercise may demonstrate that GLA and London Economic Action Partnership objectives are best met by a single platform partnership.

We expect to have new partner(s) arrangements in place ahead of summer 2018. Some product development may be required to achieve our aspirations ahead of funding activity which would be required for Autumn 2018, although aspects of this could have phased implementation.

We will contract for an initial 2-year period, with an option for extension of a further two years. We will work in conjunction with TfL procurement to undertake this procurement exercise.

### 2.3 Marketing and communications (Up to £100,000)

A GLA-led marketing campaign will raise awareness of the opportunity and focus attention and support on those campaigns which are subsequently backed by the Mayor during funding rounds.

The strategy will be developed with the GLA Marketing Team and blend a mix of digital and print tactics to deliver a broad message. There will be a strategy of targeted messages to address the deficit of engagement in certain communities and/or areas of the city, where deemed appropriate.

Success will see an increase in the number, type and quality of proposals alongside a broad geographic spread and increase the diversity of those both proposing and backing ideas.

This activity will be monitored, evaluated and adapted over the two years to develop a clearer understanding of engagement impact that can be adjusted to focus future activity as required to ensure wide and diverse engagement with the programme.

The strategy will revisit the identity of the programme to ensure its suitability and resonance with the target audiences and aim to harness the Mayor's convening power via a variety of media engagement pathways.

## 2.4 Capacity building activities (Up to £160,000)

A dedicated support offer will be developed to help groups come together and propose robust, deliverable projects that respond to local challenges or opportunities and aspire to the highest standards of design.

A package of measures from workshops and advisory support to project mentoring, provision of specialist skills and development of guidance documentation will aim to support communities to:

- Come together around shared objectives in an organised way with appropriate governance and accountability;
- gain a clear understanding of the process and roles/responsibilities required for success;
- develop ideas that respond appropriately to local challenges and opportunities in a creative and innovative way, considering a range of potential options and the impact of doing one thing over another;
- maximise the chance of delivering a successful crowdfunding campaign by developing a structured strategy and associated resource proportionate to the scale of the fundraising target;
- ensure smooth delivery of projects in the event of a successful campaign; and
- signpost to resources that can offer practical or emotional support throughout the process.

This work will build detailed awareness of the opportunity as a full life-cycle commitment and provide support to lower the barriers to entry; key to ensure wide and diverse participation.

In addition, we will research and develop a bespoke support offer aimed at interested and committed communities currently lacking the skills, time or confidence to participate at even a rudimentary level.

## 2.5 Research and Evaluation (Up to £50,000)

Research undertaken by the GLA Intelligence Team in 2016 and 2017 has been crucial to our understanding of the value and impacts of crowdfunded projects, the barriers to community participation with the programme and the user perception of the process we are developing. Funding will continue to develop this work, including action required to implement any existing recommendations.

## 2.6 Community Shares Research and Pilot Programme Design (Up to £50,000)

The Crowdfund London Programme sits within a broader ambition to develop complimentary initiatives that support appropriate community or citizen-led regeneration initiatives.

Crowdfund London projects can be short term in nature, with one-off, small-scale fundraising campaigns lacking the sophistication to generate ongoing revenue to secure a sustainable legacy for either the project or the community group delivering it. The Good Growth Fund prospectus introduces the notion that we would support grass-roots organisations to own and manage local assets in the interest of community resilience. By facilitating this activity and embedding it as a tool for Regeneration, we can begin to bridge the gap between small-scale Crowdfunded London projects and our more long-term, strategic regeneration objectives; with established communities able to contribute more fully as part of the latter. There is an opportunity to better understand how match funded projects can be sustained in the long term through models of community investment or alternative financing, that can secure community ownership, such as community shares or bonds. The use of these instruments is a growing sector in the UK with a notable lack of activity in London.

In response, we will conduct some research to understand how the GLA could facilitate this activity to support our regeneration objectives. This will be commissioned in accordance with the GLA's Contracts and Funding Code.

#### Grant Funding - Project funding opportunities

- 2.7 From May 2018, a new funding opportunity will launch. This will make an initial tranche of the £1.7m (up to £1.4m Capital and £300,000 revenue) available to groups from all over London to propose projects that respond to a challenge or opportunity to improve their local places. Funding rounds will seek to support innovative and inclusive community projects across the city in line with our Good Growth Fund objectives. An open call will run over summer 2018, with all projects needing to run crowdfunding campaigns this Autumn. At least one further round of funding will follow in 2019.
- 2.8 The criteria for support will require groups be sufficiently constituted and representative with a shared bank account. Projects will demonstrate one or more of the following characteristics:
- Be innovative and distinctive.
  - Seek to build on or enhance the character that makes a place special.
  - Bring an economic and social benefit to the community.
  - Have strong local support and show this via a vibrant crowdfunding campaign.
- 2.9 Projects will be evaluated with the following weighting:
- Project description (40%)
  - Deliverability and risk (20%)
  - Value for money (20%)
  - Wider Impact / Support and campaign activity (20%)

The crowdfunding platform partner(s) will provide an evaluation of each project's crowdfunding campaign to support our own assessment of wider impact.

- 2.10 Project shortlisting will seek to ensure a balance of geographic spread, type of applicant / organisation, type of project and range of outputs / targeted outputs and outcomes from the proposed investment.
- 2.11 It is anticipated that between 60 and 90 projects will be funded in two rounds spanning May 2018-March 2020. Project funds granted (in total) will not exceed £1.4m Capital and £300,000 Revenue. The Mayoral pledge will not exceed 75% of project value in each instance (typically less than 50%). The upper limit of the Mayoral pledge will be £50,000 per project.
- 2.12 Projects could help to make a high street a better place to visit or do business, improve or establish a local market, give a new lease of life to an unloved space or empty building, improve access to healthy and affordable food or create a beautiful new green space or cultural feature that attracts people to the area. We're looking for ideas that show innovation and enterprise and aspire to achieve a wider social good.
- 2.13 It is expected that to access the maximum pledge (£50,000), projects would require a larger capital investment, propose a high-quality response with transformative potential and demonstrate more than one of the core criteria for support. They should also demonstrate strong local support.

2.14 Mayoral Pledges will be determined by reference to the evaluation criteria noted at paragraph 2.8 and 2.9 to identify the best ideas and most spirited campaigns but which also aims to ensure a proportionate catalytic effect to allow for maximum campaign success, whilst achieving best value for the GLA.

#### 2.15 Governance and decision-making arrangements

Following a project appraisal process, a moderation and decision panel will approve Mayoral Pledges. This process will include liaison with the Deputy Mayor for Planning, Regeneration and Skills, Assistant Director for Regeneration and the GLA Governance Team. The recommendation will be made that the highest scoring applications receive a Mayoral Pledge and this will be approved by the panel, chaired by the Assistant Director for Regeneration. The value of the pledge will be determined by consistent methodology to ensure catalytic impact to the campaign, value for money and the economic capacity of the supportive community; whilst reflecting a proportionate response to the complexity of the project and the strength of fit with our objectives. A formal public announcement detailing Mayoral Pledges awarded to specific projects will be made at the time that these pledges are registered on the Crowdfunding partner(s) platform, making it clear that any award of grant funding will remain subject to the project in question achieving its full funding target and entry into and execution by the recipient of a grant funding agreement clarifying the GLA's standard funding conditions and specific terms of our pledge.

#### 2.16 Funding Arrangements

Mayoral Pledges will be made mid-way through the crowdfunding campaigns in what is known as a bridging model of matched crowdfunding. This ensures that each project raises part of their match in advance of a commitment from City Hall – an exercise which helps to demonstrate local support – but then campaigns can use their Mayoral Pledge as a catalyst to drive momentum to the later stages of their campaigns. As such, our initial commitment will be subject to each recipient reaching their crowdfunding target and entering into a funding agreement with the GLA to secure their pledge.

With small scale, community-led projects of this nature, the GLA's typical payment in arrears model can cause significant risk to project delivery and cash flow. This potentially excludes communities that can't finance their project up front using crowd match alone.

In response, projects will be able to draw down funding in the following tranches:

- The first £10,000 forward funded upon satisfactory completion of due diligence and receipt of a signed grant agreement. Evidence of spend would be required in arrears.
- For pledges of more than £10,000, payment of the remaining balance in arrears following a claim with sufficient evidence of expenditure.

A protocol will be developed to minimize the risk of forward funding which will involve clear communication regarding expectations associated with our pledge and these will be ratified in the funding agreement, which will be drafted to incorporate the above principles, in consultation with GLA finance, governance and legal teams.



## 2.17 Monitoring

Projects will be required to report quarterly on progress and complete a project closure form to record their experience, outputs and lessons learnt.

## 2.18 GLA Open Process Systems

In due course, we intend to integrate the programme with the GLA Open Process System work programme to streamline the administration of our pledge from contracting to payment and the monitoring of outputs. This will help bring clarity and consistency whilst greatly improving the user experience and speed of payments. The ambition would be to explore the development of an API (Application Programme Interface) with the appointed platform partner(s) so that the online project campaign is intrinsically associated with our interface and public (campaign supporter) reporting can meet our monitoring requirements simultaneously.

2.19 At this stage, outputs and outcomes of the investment can only be indicative. A concerted focus will be placed on applications being received from a broad range of groups; both in constitution and diversity of community.

The following measures will be targeted:

- Match funding – to date, the programme has attracted an average match funding rate of £1.41 for every £1 pledged by the Mayor. Activity in 2018-2020 will seek to match or exceed that rate.
- The appraisal process will determine an appropriate pledge which would both maximise public value but also ensure a consistent catalytic effect is experienced by each campaign. We will target our investment to ensure that local support is weighted more heavily than financial success of the campaign at the point of evaluation.
- We will seek to achieve an average of at least 100 individual backers per campaign backed with a Mayoral Pledge. Local campaign support will be considered as part of the appraisal and we will seek to gather appropriate data on the background and motives of those financially supporting projects.
- We will seek to encourage submissions from every London borough. The appraisal moderation panel will ensure a fair distribution of funding across London.

## 3. **Equality comments**

3.1 We will monitor the diversity of applicants for a Mayoral Pledge and seek to create a balanced investment strategy considering type of organisation, type of project and project location as set out in paragraph 2.10.

3.2 All projects will be developed and delivered in compliance with relevant Codes of Practice and in line with the requirements of the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010. As a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not. To meet the above, the GLA will ensure that the following issues have been considered;

- i) Project Proposals: All proposals will be open and accessible to all and community groups will be reminded that their projects are required to take appropriate steps to minimise disadvantages suffered by people who share a protected characteristic. age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation.

- ii) Documents and publications: all documents produced will comply with Mayor of London branding guidelines.
- iii) Events: all events will be open to all and, where possible, will encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.

As a condition of GLA Funding Agreements, projects will be required to meet the Public Sector Equality Duty. Additionally, we have also recently updated our agreements to reference the GLA's Child Policy and Protection Procedures. In recognition of the fact we will be contracting with non-public bodies, we will continue to develop guidance to support these organisations to deliver against the Public Sector Equality Duty.

- 3.3 Crowdfund London strives to provide low barrier access to small-scale grant funding that supports a wide range of groups to bring about positive change in their area. Moving forward, the revenue supported activity outlined in paragraphs 2.3-2.4 will seek to ensure that those participating with the programme are representative of London's diverse communities. This activity will aim to raise awareness and lower the barriers to entry. We will also seek to monitor those who back campaigns financially, or with resources, to gain insight into their motives and attempt to better understand who is benefitting from the resulting projects and their legacy.

#### **4. Other considerations**

##### **4.1 Key risks and issues**

Commissioning of crowdfunding platform partner(s):

Following the procurement process one or more of any appointed new platform partner(s) may need time to develop their product and services to meet our requirements. This could require a compromised service to deliver a funding round in 2018 and maintain momentum, potentially leading to confusion for Londoners interacting with the programme. We have significant experience in where the key challenges will lie and can mitigate most of these with forward planning and clear, honest communication.

Support activity, capacity building and inexperienced groups:

The nature of this activity means that expenditure doesn't necessarily translate into clear, quantifiable impact straight way and support is not always guaranteed to deliver campaigns that we will fund. This activity will likely prime a pipeline of potential projects or empowered groups of citizens for future rounds. We will track the support accessed by all the groups participating in the programme to understand the support they accessed initially and use this to determine any correlation between this investment and the number and/or quality of projects proposed.

Research:

There is a risk that the research and feasibility work associated with a community shares programme (as set out in paragraph 2.6) would advise that this wasn't a desirable option for the GLA and we choose not to proceed with a pilot programme. We intend the research to be made public and act as an evidence base which could inform others who may be better placed to enable the positive take-up of these instruments across London.

## Delivery:

Whilst delivery capacity of community groups has formed part of the evaluation process, and the scale of these projects is often reasonably modest, working with local community groups presents some risk in projects being delivered on time and on budget. Officers will ensure that appropriate GLA Funding Agreements are put in place between (and executed by) the GLA and recipient before any commitment to fund is made. Projects will report to us quarterly to enable us to track progress, and we will encourage them to build in qualitative and quantitative data. In a situation where a project cannot continue, the Regeneration Team will assist to close the project in a controlled manner, and ensure the community of backers are reimbursed where appropriate via our platform partner(s).

## Budgets, forward funding and capital and revenue expenditure:

When forward funding small community organisations, there is a risk that they will not understand the full limitations of the capital and revenue funding available to them. They could inadvertently spend our funding on products or services that don't meet an agreed capital / revenue split and we would find out after the fact. We will work closely with organisations to identify clear expenditure for GLA funding and offer guidance on demonstrating their expenditure. It will also be made clear in the GLA Funding Agreement on what the funding can be used for and in what circumstances the GLA can claw back funding if the recipient does not use the funding as the GLA specifies. Additional mitigation of this issue will come through the flexibility that crowdfunding will allow – all projects will be required to source some element of funding 'from the crowd' which could be attributed more flexibly to either capital or revenue expenditure, if we also have a flexible approach to revising elements of the project that we agree to fund, as required. If a project overspends against its initial projection, there will be an expectation that the cost must be borne by the recipient of such funding. This will be mirrored in the funding agreement signed with the GLA, which will associate agreed outputs directly with identified spend. Projects will be advised to produce accurate cost forecasts and consider building in some element of contingency. Guidance has been developed to help applicants with their budgeting.

## Outputs:

Like all of our Regeneration programmes, the Crowdfunding Programme will contribute to the GLA's overriding aims to improve London's places, help the prosperity of its businesses and economy and improve the quality of life of London's people. The funding that we give these projects will go towards interventions that provide inclusive opportunities and demonstrate positive and attributable socio-economic outcomes. There is an inherent risk with the crowdfunding model that if we are too prescriptive with setting targets they will ultimately be wrong, as the specific details of projects can shift slightly as a result of the campaigns. All projects we choose to support will retain an inherent goal and vision and we will work closely with recipients of funding to identify quantifiable outputs and outcomes during the drafting of each funding agreement. These will be developed to enable us to speak positively about the tangible benefits of the programme. We will also encourage our delivery partners to build in ethnographic data where possible. This will be reported to us via a project closure form and we will encourage and promote the public dissemination of information. Projects will report to us on a quarterly basis to enable us to track progress.

## Crowdfunding Targets and Underspend:

Once Mayoral Pledges are made, each project will need to continue crowdfunding until they hit their target. The nature of crowdfunding means that some projects may not reach their funding target. Steps can be taken to anticipate the likelihood of this scenario through discussions with the platform

partner(s), and we will be able to estimate and manage our exposure to underspend. In many cases, the platform partner(s) is well placed to provide support to those projects most at risk.

If some projects fail to reach their crowdfunding targets, and the project no longer goes ahead, it is proposed that this funding is rolled over to back projects in future rounds of the programme, delivered over the four-year timeframe of the Growth Deal.

#### 4.2 Links to Mayoral strategies and priorities

Crowdfund London helps deliver ambitions in the following, emerging Mayoral strategies or priorities:

- London Plan – Contributing to Good Growth and building strong, inclusive communities by involving citizens directly in the future development of the city.
- Economic Development Strategy – Supporting innovation and creating opportunities for all Londoners to develop new skills. Delivering projects that help communities to share in the opportunities created by investment and change.
- Social Integration – Promoting active citizenship and community cohesion by enabling citizens to propose and deliver projects that matter to them.
- Equality Diversity and Inclusion Strategy – By encouraging communities to come together and collaborate around shared objectives.
- Culture – Through projects that support and promote creative arts and cultural industries or cultural exchange.
- Smart London – The use of new technology to support innovation and participation in public life.
- Environment – Through projects that create new green spaces or greening of public spaces.
- Food – Through projects that support access to affordable, healthy food.

#### 4.3 Impact assessments and consultations

The Crowdfunding Pilot programme follows a recommendation in 'Open Ideas Platform: Research for a web-based, ideas crowdsourcing platform' commissioned by the GLA Regeneration Team and delivered by the Future Cities Catapult in 2014.

The Opinion Research and Statistics Team within the GLA Intelligence Team were commissioned by the GLA Regeneration Team, in 2016, to pioneer a methodology to assess the social impact of the programme so far. The emerging conclusions have influenced the ongoing development of the programme. The final report followed an initial discussion via the GLA's Talk London platform which indicated that 80% of respondents felt engagement with development should involve more than just consultation.

In November 2016, the pilot programme was interrogated by the London Assembly Regeneration Committee who reported positively on the objectives and re-affirmed that we should seek to ensure broad and diverse participation.

In December 2017 the Opinion Research and Statistics team within the GLA Intelligence Team produced an evaluation into the experience of the application process in our latest round. This work is helping to shape the refinement of the process.

## 5. Financial comments

- 5.1 The total cost of this proposal will be up to the value of £2.2m, a combination of capital and revenue expenditure for the period between 2018 to 2020. The expenditure as noted within the main body of the report will be a combination of support costs and grant funding for community led projects as summarised below:

<b>Programme Expenditure</b>	<b>Revenue (£000)</b>	<b>Capital (£000)</b>	<b>Total (£000)</b>
Crowdfund London support costs	500	-	500
Grant Funding Community-led projects	300	1,400	1,700
<b>Total</b>	<b>800</b>	<b>1,400</b>	<b>2,200</b>

- 5.2 The total cost of up to £2.2m for this proposal will be funded from the Good Growth Fund Programme budget as previously approved by MD2163, with the total initial allocation for the programme being £67.183m. This overall programme allocation has now increased to £68.108m (£61.9m in capital & £6.208m in revenue) a result of budget contributions from the GLA's Environment budget and ESF match funding as detailed in paragraph 1.6 and DD2222.
- 5.3 It should be noted to date, based upon the revised Good Growth Fund Budget of £68.108m, including this proposal, £28.288m has been allocated against the overall programme budget (£25.428m in capital & £2.860m in revenue; DD2181 & DD222); thus, leaving a balance of £39.820m to be committed for the remainder of the programme. In line with the requirements of Growth Deal funding, any under-spends from projects commissioned and / or procured from this approval will be re-directed to other eligible Growth Deal projects subject to the Authority's decision-making process.
- 5.4 The exact phasing of expenditure for the duration of this programme cannot yet be determined and will be dependent on the outcome of the proposed procurement and grant commissioning processes. With regards to the award of grant funding, this will be subject to satisfactory due diligence.
- 5.5 In relation to the grant funding element of the programme, this will be subject to potential delivery partners meeting their crowdfunding targets. Once the targets are met, the Mayor's pledge will be triggered and a funding agreement between the delivery organisation and the GLA will ratify our contribution, including the GLA's terms and conditions of providing such funding. This ensures GLA funding is only administered to projects that have generated sufficient funding to maximise successful delivery of their community led projects, thus mitigating the risk of any potential financial loss to the GLA.

## 6. Legal comments

- 6.1 Sections 1 to 4 of this report indicate that:

the decisions requested of the Director (in accordance with the GLA's Contracts and Funding Code) concerns the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development, wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to;

- Pay due regards to the principle that there should be equality of opportunity for all people;
- Consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- Consult with appropriate bodies.

6.2 In taking the decisions requested, the Director must have due regards to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 Officers have indicated that a significant proportion of the proposed expenditure will amount to the provision of grant funding as a contribution to the project costs of successfully funding applicants and not payment for works, supplies or services. Officers must ensure that

6.4.1 the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in a manner which affords value for money in accordance with the Code; and

6.4.2 Officers must ensure that appropriate funding agreements are put in place between and executed by the GLA and the recipients before any commitment to fund is made.

6.4 To the extent that it is proposed that expenditure is incurred on the procurement of works, services or supplies, officers must ensure that the works, services or supplies are procured in accordance with the GLA's Contracts and Funding Code and that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of any works, services or supplies.

## 7. Planned delivery approach and next steps

Activity	Timeline
DD Approval to ratify spend 2018-2020	Feb/Mar 18
Procurement of contract (new platform partners)	May/June 18
Soft launch and support programme	Spring 18
Delivery of initial support programme	Summer 18
Research and Development of future support programme	2018
Formal launch	Summer 18
Marketing Campaign	Summer 18
Pledges to campaigns	Autumn 18
Campaigns end / Project delivery begins	December 18
All projects complete	December 19

### Appendices and supporting papers:

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

**Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

RISK THAT DETAIL UNDERMINES PROCUREMENT PROCESS (ESPECIALLY FOR PLATFORM PARTNER(S) ARRANGEMENTS)

Until what date: 1<sup>st</sup> May 2018

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

James Parkinson has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Financial and Legal advice:**

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 19 March 2018

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*M. J. Alce*

Date

*21.3.18*

